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Introduction

Thank you for giving me the opportunity to testify before this Subcommittee. I am delighted and honored to be here.

I have been asked to offer my assessment of the broad strategic environment in Northeast Asia and to comment on the issues that should receive priority attention from U.S. policymakers.

I would like to respond by focusing on what seems to me to be the most essential piece of that large, complex, and critically important region, namely the relationship between the United States and the People's Republic of China. I believe that, over the course of the next several decades, the state of our relations with China will go a long way to determining, not only the peace and stability of Northeast Asia, but of the entire planet.

A mixed relationship

The U.S.-China relationship is clearly mixed. As has been true since the end of the Cold war, the relationship contains elements of competition as well as cooperation.

On the one hand, the two Pacific powers have entered into an increasingly deep and, on balance, mutually beneficial economic relationship. The overall diplomatic climate is generally warm, with frequent high level visits by top officials, and ongoing discussions about how best to deal with a variety of issues, from currency valuation and intellectual property rights, to terrorism, proliferation, and the continuing nuclear standoffs with North Korea and Iran. The links between our two societies - the two-way flows of students, scientists, business-people and tourists – are also denser and more varied than they have ever been.

At the same time, however, there are obviously elements of contention and friction. As recent disputes over trade issues remind us, increasing economic interdependence between two countries does not always lead to higher levels of amity and trust but can instead be a cause of controversy and resentment. The U.S. government remains troubled

by what it perceives to be abuses of human rights in China, including denial of freedom of political expression and religious practice. (The Chinese government, of course, regards expressions of American concern on these issues as cynical ploys designed to embarrass and weaken it.) Albeit still in a comparatively low key way, the United States and China are already engaged in a military rivalry with one another, in the sense that both are beginning to shape their forces and strategies with an eye towards possible future conflict. Tensions over Taiwan are lower than they were a few years ago, but the issue remains unresolved and potentially dangerous. And, despite all the talk about converging interests and good relations, the Washington and Beijing are involved in an increasingly far-flung competition for diplomatic leverage and political influence, both in Asia and beyond, as China begins to use its growing economic weight to try to win friends and shape events in the Middle East, Africa, Latin America and Europe.

U.S. strategy

U.S. policy for dealing with China has been a subject of debate and disagreement over the past fifteen years, but since the early 1990s it has actually been fairly consistent.

Current strategy consists of two essential components:

This administration, like its predecessors, is deeply committed to a policy of engaging China, economically, diplomatically, and in expanding contacts between the two societies.

At the same time, the United States remains determined to maintain what this administration has labeled “a balance of power that favors freedom” in Asia, as in other parts of the world. What this means in practice is that the U.S. has sought to preserve, and where possible to strengthen its traditional alliances in Asia (most notably those with its long-standing allies: Japan, South Korea, and Australia); to develop new cooperative relationships with other strategic partners (including Singapore and, most recently, India); and to enhance our capability to project and sustain military power into the region through a variety of measures, including the consolidation and repositioning of forces based on allied soil, and the expansion of bases and facilities on U.S-controlled territory. These measures are intended to leave the U.S. military better prepared to deal with a variety of contingencies, including a possible deterioration in relations with an increasingly powerful and ambitious China.

In the near to medium term, the goal of U.S. strategy is to create conditions that will encourage China to become what former Deputy Secretary of State Robert Zoellick referred to last year as “a responsible stakeholder” in the current international system. As they become ever more deeply enmeshed in trade, international institutions, and cooperative relations with others, China’s current leaders should see that they have much more to gain by upholding the status quo than by attempting to overturn it through force or coercion.

In the longer run, U.S. leaders clearly hope that engagement will help promote a fundamental change in the character of the current Chinese regime: away from one-party authoritarian rule and towards liberal democracy. As China grows richer the hope is that it will also become more open politically. This is a goal that Americans sometimes tend to regard as benign and uncontroversial, even though its achievement would clearly threaten the power and privileges of the unelected Communist Party elite that still rules China.

Chinese strategy

We do not know nearly enough about Chinese strategy, nor about how the country's current leaders define their objectives, especially in the long term.

My own view is that current Chinese strategy can be summed up in three axioms:

First, *avoid conflict*, especially with the United States. Many in the Chinese leadership are deeply suspicious of American intentions. They believe that, behind the friendly smiles and upbeat rhetoric, the United States is out to contain China and ultimately either to transform its system of government or to undermine its stability. The collapse of the Soviet Union left the United States as the world's most powerful nation, a position it is likely to hold for some time to come. If China is to continue to rise, its leaders will have to navigate through a period of comparative weakness and vulnerability that could last for several more decades. A sharp worsening of relations with the United States, to say nothing of open conflict, would be extremely dangerous for China, disrupting plans for continued development and even risking a humiliating defeat. For this reason it is essential to maintain strong ties and good relations with Washington.

Second, *build 'comprehensive national power.'* This is the aggregate measure of economic, technological, military, diplomatic and "soft" power that Chinese strategists use to assess the relative strengths of nations. China's current emphasis on promoting economic development is aimed at improving the welfare of its citizens, but also at enhancing the nation's strength and its ability to defend and advance its interests in Asia and beyond.

Third, *advance incrementally.* In part because of their assessment of American power and intentions, Chinese strategists do not appear to believe that they can simply sit back and wait while they pursue domestic development. While seeking to avoid any moves that would provoke dangerous responses from the U.S. or China's neighbors, Beijing is nevertheless attempting to expand its influence and strengthen its position, while simultaneously weakening that of the United States. The recent shift in American attention away from Asia and the prospects of a "peer competitor" and towards the challenges of terror and Middle East turmoil, has proved new opportunities in this regard

China's current rulers aim to preserve and protect the leading role of the Communist Party. This requires avoiding (or suppressing) domestic upheavals while at the same time fending off potential external threats. Included here are developments that might

challenge the legitimacy of CCP rule (such as a Taiwanese declaration of independence) or increase the danger of outside support for internal subversion (such as the establishment of a radical Islamic republic in Central Asia, or a unified, U.S.-oriented democracy on the Korean peninsula).

In the long run, China's leaders likely hope to establish their country as the preponderant power in East Asia. This will involve continuing to increase their own capabilities and influence, even as they seek to constrict America's presence and weaken its long-standing alliances.

Net assessment

In recent years, Beijing has clearly made significant progress on at least two parts of its three-pronged strategy.

Regarding the accumulation of comprehensive national power: China's economic growth continues at an impressive pace, the development of its military capabilities has, in many respects, been faster than most observers anticipated only a few years ago, and its international prestige is probably higher today than it has ever been.

Especially since 9/11, China has been extremely successful in cultivating good relations with the United States. Beijing has managed to win hopeful appreciation from Washington for its expressed willingness to help confront the dangers of terrorism and nuclear proliferation. To date, however, it has not actually done very much to deal with the most urgent aspects of either problem. On the North Korean nuclear issue, most notably, China has hosted talks and applied periodic, mild pressure to Pyongyang, but it has been unwilling to use more than a fraction of its potential leverage to bring the crisis to a successful resolution. (Beijing has thus far been even less helpful regarding Iran.)

China's efforts to expand its influence in East Asia while constraining that of the United States have met with mixed results. On the plus side (from Beijing's perspective) the U.S.-ROK alliance has grown weaker under the strains of the nuclear crisis, while China's economic and diplomatic links with Seoul have grown stronger. For a variety of reasons, the U.S.-Taiwan relationship has also deteriorated in recent years, while China has gained ground in its attempts to shape an eventual settlement through a mix of threats and inducements. Somewhat further afield, Beijing has used a combination of market power and deft diplomacy to raise its profile in Southeast Asia. Finally, with the launch of the so-called East Asia Summit, China has taken the first significant steps towards building an alternative regional institutional structure, one from which the U.S. is conspicuously excluded. Offsetting and to a certain extent overshadowing all of this is the marked deterioration in relations between China and Japan that has taken place in the past five years. Thanks in no small part to Beijing's bullying, and its continuing military buildup, Japan has taken significant steps towards becoming a "normal nation," increasing its own defensive capabilities and bolstering its alliance with the United States.

The balance sheet for American strategy is also mixed. As seen from Washington, Japan's new assertiveness represents an important contribution to long-term U.S. efforts to preserve a favorable balance of power in East Asia. The ongoing repositioning of U.S. forces to increase their flexibility while decreasing friction with host nations, the forward deployment of more air and naval assets to Guam, enhancements in strategic cooperation with Australia and Singapore stimulated in the first instance by the war on terror and, outside the region, the development of a new and promising relationship with India, are all positive developments. While the task will become more difficult as China's power grows, for the moment, at least, the United States is doing well at maintaining a satisfactory regional military balance.

The success of the engagement half of American strategy for dealing with a rising China is more open to question. Trade and talk are good things, to be sure, but in the case of relations between the U.S. and China they cannot be regarded merely as ends in themselves. While it is too early to reach any definitive judgment, there are, as I have already suggested, reasons to question the extent to which China has truly become a "responsible stakeholder" in the contemporary international system. Certainly if Beijing fails to do all it can to stop the spread of nuclear weapons to regimes as dangerous as those in Pyongyang and Tehran, this characterization will be increasingly difficult to sustain.

As to the character of China's political regime, there is little good news to report. China's current rulers face a multitude of domestic challenges, but they have thus far shown no inclination to loosen their grip on political power. Indeed, to the contrary, in recent years the Communist Party leadership has redoubled its efforts to control the internet and the foreign press, crack down on dissidents, regulate non-governmental organizations, and prevent the emergence of any group or movement that could challenge its authority. Economic growth has raised the living standards of China's people, but it does not appear yet to have created an irresistible upsurge in demand for political rights. The PRC is getting richer and stronger, but it shows few signs of becoming freer. The gamble that is at the heart of America's China strategy has yet to pay off.

Critical issues

In closing let me note two issues that require particular attention from policymakers:

Despite all the progress that has been made in strengthening the U.S.-Japan alliance, it cannot be taken for granted and will require continual tending, especially as Prime Minister Koizumi leaves office and his successor comes to power. Worries about resurgent Japanese nationalism are, in my view, greatly overstated. Still, the fact remains that Tokyo's failure to deal adequately with the history issue has made it easier for China to keep Japan isolated and off-balance.

Finding ways to repair the U.S.-ROK alliance, and to rebuild relations between Tokyo and Seoul, have become matters of considerable urgency. More broadly, the U.S. should seek to encourage greater strategic cooperation among all of Asia's democracies.